

Message Text

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PAGE 01 KUWAIT 05132 010908Z

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 RSC-01 /019 W

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R 010713Z DEC 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1626

INFO USDOC WASHDC

AMEMBASSY BEIRUT

AMEMBASSY TEHRAN

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COMMERCE FOR MEPD

E.O. 11652: N/A

TAGS: BEXP, BMEP, ENRG, EIND KU

SUBJECT: MAJOR PROJECT: KUWAIT LPG PLANT

REF: STATE 259965

1. LIST OF PREQUALIFIED FIRMS BEING SENT SEPARATELY BY AIRGRAM.

2. KUWAIT GAS UTILIZATION PROJECT (KGUP), I.E. LPG PROJECT, MOVING ALONG BUT SOME SNAGS APPEAR TO HAVE EMERGED. BASIC PROBLEM IS THAT GOK UNABLE TO PROVIDE ADEQUATE AND TIMELY GUIDANCE FOR DESIGN ENGINEERS/SUPERVISORS, BECHTEL. THIS IS DUE IN PART TO CHANGES WITHIN MINISTER FINANCE AND OIL, NOTABLE RESIGNATION OF UNDERSECRETARY WHO HAD CHAIRED KGUP COMMITTEE, AND WEAKNESS OF PROJECT DIRECTOR.

3. HOWEVER, APPREAR PROBLEM LIKELY TO BE TEMPORARY SINCE MINISTER FINANCE AND OIL ATEEQI RECENTLY TOOK STEPS TO GET KGUP COMMITTEE BACK ON THE TRACK. MORE SIGNIFICANTLY, PERHAPS, HE HAS TURNED TO KOC, I.E., GULF AND BP, TO "HELP". THIS A BIT IRONICAL SINCE ORIGINAL GULF/BP/GOK LPG PROJECT WAS REJECTED BY NATIONAL ASSEMBLY OVER TWO YEARS AGO. CLEARLY, GULF/BP MANAGEMENT OF PROJECT POLITICALLY OUT OF QUESTION, BUT GOOD CHANCE COMPANIES WILL TRY TO PLAY HELPFUL BEHIND-THE-
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PAGE 02 KUWAIT 05132 010908Z

SCENES ROLE TO HELP SECURE THEIR OWN OVERALL POSITION HERE.

4. DEADLINE FOR LONG LEAD TIME EQUIPMENT ITEMS HAS BEEN EXTENDED ONE MONTH TO END OF JANUARY AND OTHER SLIPPAGES MAY OCCUR. NOT CLEAR HOW SMOOTHLY SELECTION OF COMPANIES FOR MAIN ELEMENTS OF PROJECT WILL GO. ONE PROBLEM IS THAT SO FAR GOK HAS CALLED FOR FIXED COST BIDS WHICH UNACCEPTABLE TO ALMOST ALL SERIOUS COMPANIES. ALTHOUGH GOK WILLING MAKE SOME CHANGES IN ITS POSITION, NOT CLEAR YET WHAT THEY WILL BE OR WHEN GOK WILL MAKE ITS MOVES KNOWN TO COMPANIES INVOLVED.

5. EMBASSY WILL ENDEAVOR GAIN ADDITIONAL INFO ON PROJECT AND WE SUGGEST THAT COMMERCE/MEPD QUERY BECHTEL IN SAN FRANCISCO. WE WOULD BE INTERESTED IN WHATEVER COMMENT THEY MAY HAVE.
STOLTZFUS

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Message Attributes

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Concepts: LPG, INDUSTRIAL DEVELOPMENT
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Draft Date: 01 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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EO Systematic Review
30 JUN 2005

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